

MINUTES  
SCHOLARSHARE INVESTMENT BOARD

February 19, 2004, 2:00 p.m.  
Teleconference

Chair Anne Stausboll called the meeting to order at 2:06 p.m.

Present: Anne Stausboll for Phil Angelides, State Treasurer  
Tom Dithridge for Donna Arduin, Department of Finance  
Vanessa Arriola for Richard Riordan, Office of the Secretary for Education  
Allison Jones  
Sabrina Kay

Staff: Carrie Douglas Fong, Executive Director, ScholarShare Investment Board  
Marian Cohen, Program Manager, ScholarShare Investment Board  
Phillip Rollock, Vice President, TIAA-CREF Tuition Financing, Inc. (TFI)  
Christopher Lynch, Regional Director, TFI  
Carla Raffin, California Program Manager, TFI  
David Copeland, Senior Marketing Communications Specialist, TFI  
Christine Doyle, Senior Counsel, TFI  
Allan Emkin, Pension Consulting Alliance (PCA)  
Andrea Feirstein, AKF Consulting  
Linda McAtee, General Counsel, State Treasurer's Office  
Tom Noguerola, ScholarShare Investment Board Legal Counsel

The Chair declared a quorum present.

**Board Agenda Item Number One**  
**Approval of Minutes of the December 12, 2003 Teleconference**

---

The minutes from the December 12, 2003 ScholarShare Investment Board (SIB) meeting were approved as submitted.

**Board Agenda Item Number Two**  
**Staff Report**

---

Ms. Carrie Douglas Fong presented the Staff Report to the Board, providing program totals for the ScholarShare Program. The 2003 account generation numbers are addressed in Agenda Item Four. Ms. Douglas Fong stated that the total net asset value of all accounts has passed the \$1 billion mark which is a significant milestone for the ScholarShare program.

Ms. Douglas Fong provided updates on a technical corrections bill, and Congressional issues that are pending, including information regarding Lifetime Savings Accounts (LSAs). She also reported Governor's Scholarship Programs (GSP) claiming rates, which have been increasing. Staff is working with TIAA-CREF Tuition Financing, Inc. (TFI) on including global messages and flyers with state employee paychecks. TFI has postponed the New Mom campaign for Sutter Health, which was discussed at the December meeting.

Ms. Douglas Fong stated that TFI would present the Board with information on TIAA-CREF's Corporate Governance structure and policy at the next meeting.

### **Board Agenda Item Number Three** **RFP For Investment Firm/Manager**

---

Ms. Douglas Fong explained that SIB did not receive any bids which were in compliance with the requirements of the RFP released in October 2003. Staff conducted an industry survey by interviewing firms which expressed interest in the RFP, and options for an RFP re-issue were presented for the Board's consideration. The Board requested that additional information on technical provisions of the RFP be provided before taking action and directed Staff to schedule a meeting continuation.

### **Board Agenda Item Number Four** **2003 Account Generation Update**

---

Ms. Carla Raffin, TFI, highlighted the program account totals and the asset contributions for 2003, as well as the marketing efforts during the 4<sup>th</sup> quarter. TFI surpassed the 2003 asset goal and reached about 94% of the 2003 unique account goal with 40,498 unique accounts. An analysis of the account and asset generation will be brought to the Board in April. TFI stated they are confident that this year will be the best for the ScholarShare program. Member Kay asked if TFI is considering additional partners for incentive programs such as the Target Gift Card campaign. Mr. Phillip Rollock, TFI, responded that they would monitor other possibilities and are open to exploring other options with additional partners.

### **Board Agenda Item Number Five** **Governor's Scholarship Programs (GSP) Transition Plan**

---

Ms. Marian Cohen presented the Board with the Governor's Scholarship Programs (GSP) Transition Plan by providing a timeline for the continued administration of existing awards and the ramp down of the program. Member Kay questioned why the claiming rate seemed to be decreasing. Ms. Douglas Fong explained that there was Duplicate Notification mailing done for 2001, which did have an effect on the claiming rate that year. A Duplicate Notification mailing for 2002 is currently in progress and Staff anticipates it will result in an increase in the claiming rate for 2002.

Chair Stausboll closed meeting discussions for the day on February 19, 2004 at 3:46 p.m. and directed Staff to reschedule a time when the Board would continue discussions on Agenda Item Number Three.

**March 19, 2004 ScholarShare Investment Board Meeting Continuation**

---

Chair Stausboll resumed the meeting at 3:09 p.m.

Present: Anne Stausboll for Phil Angelides, State Treasurer  
Tom Dithridge for Donna Arduin, Department of Finance  
Anne McKinney for Richard Riordan, Office of the Secretary for Education  
Allison Jones  
Allison Okyle Levyn  
Maria Elena Serna

Staff: Carrie Douglas Fong, Executive Director, ScholarShare Investment Board  
Marian Cohen, Program Manager, ScholarShare Investment Board  
Allan Emkin, Pension Consulting Alliance (PCA)  
Andrea Feirstein, AKF Consulting  
Linda McAtee, General Counsel, State Treasurer's Office  
Tom Noguerola, ScholarShare Investment Board Legal Counsel

The Chair declared a quorum present.

**Board Agenda Item Number Three**  
**RFP For Investment Firm/Manager**

---

Ms. Douglas Fong explained that Staff has compiled additional information on technical provisions of the RFP as directed by the Board. However, there are recent developments in the 529 industry including the announcement of a 529 task force at the Securities and Exchange Commission (SEC) and the investigation of six firms by the National Association of Securities Dealers. Ms. Douglas Fong recommended tabling the re-issue of the RFP for 60 to 90 days until more information is available about possible changes affecting the 529 industry.

**Board Action:**

Member Jones moved that the Board postpone the decision on whether to re-issue the RFP for at least 60 days. The motion was seconded by Member Okyle Levyn and approved by the Board.

**Public Comment**

Chair Stausboll called for public comment. There was none. There being no further business before the Board, the Chair adjourned the meeting at 3:25 p.m.

The next meeting is scheduled for April 9, 2004 at 1:00 p.m.

Respectfully submitted by,

Carrie Douglas Fong, Executive Director  
SCHOLARSHARE INVESTMENT BOARD